

RECORDATION NO. 14845-F FILED 1425

JAN 3 1996 -1 05 PM

UNITED STATES COMMERCE COMMISSION

ALVORD AND ALVORD

ATTORNEYS AT LAW

918 SIXTEENTH STREET, N.W.

SUITE 200

WASHINGTON, D.C.

20006-2973

(202) 393-2266

FAX (202) 393-2156

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

January 3, 1996

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a), and the regulations thereunder are three (3) copies of an Assignment and Assumption Agreement (Chicago and North Western No. 2), dated as of January 3, 1996, a secondary document.

The enclosed document relates to the Conditional Sale Agreement No. 2 and other secondary documents related thereto, previously filed under Recordation Number 14845.

The names and addresses of the parties to the enclosed document are:

Assignor: Manufacturer's Hanover Leasing Corporation
Capital Markets & Treasury
270 Park Avenue, 8th Floor
New York, New York 10017-2070

Assignee: Finova Capital Corporation
One Crossroads Center, Second Floor
Bedminster, New Jersey 07921

A description of the railroad equipment covered by the enclosed document is set forth in the Conditional Sale Agreement No. 2 and Lease previously filed herein.

Kim Bortman
Counterpart

• Mr. Vernon A. Williams
January 3, 1996
Page 2

Also enclosed is a check in the amount of \$21.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return one stamped copy of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "R. Alvord", with a long horizontal flourish extending to the right.

Robert W. Alvord

RWA/bg
Enclosures

RECORDATION NO. 14845-F FILED 1425

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ILLINOIS STATE COMMERCE COMMISSION

ASSIGNMENT AND ASSUMPTION AGREEMENT
[CHICAGO AND NORTH WESTERN No. 2]

ASSIGNMENT AND ASSUMPTION AGREEMENT [CHICAGO AND NORTH WESTERN NO. 2], dated as of January 3, 1996, made between Manufacturers Hanover Leasing Corporation ("Assignor"), Finova Capital Corporation ("Assignee"), Meridian Trust Company, as trustee under the Trust Agreement (as defined in the Participation Agreement referred to herein), as Vendee ("Vendee" or "Trustee", as the case may be), Bank of New York, as Agent, successor-in-interest to Mercantile-Safe Deposit and Trust Company, as Agent (as defined in the Participation Agreement referred to herein), Union Pacific Railroad Company, successor-in-interest to Chicago and North Western Transportation Company, as Lessee ("Lessee") and the Investors (as defined in the Participation Agreement referred to herein). Capitalized terms used but not defined herein shall bear the meanings given to such terms in Annex I attached hereto and incorporated herein by reference.

WHEREAS, pursuant to the Purchase Agreement, Assignor wishes to assign all of its right, title and interest in and to the Participation Agreement, the Trust Agreement and the Trust Estate (as defined in the Trust Agreement) to Assignee in accordance with Paragraph 20 of the Participation Agreement.

NOW THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows.

1. Assignor does hereby sell, assign and transfer, to Assignee as of the date hereof, all right, title and interest of Assignor in and to the Assets. Assignee hereby accepts the assignment of Assignor's beneficial interest in the Assets and hereby assumes and agrees to perform all of Assignor's obligations, liabilities and other responsibilities under each Transaction Document and any and all contracts, agreements, documents, instruments and certificates delivered in connection therewith, in respect of the period from and after the date hereof (the "Transferred Obligations").

2. Assignee hereby agrees to comply from and after the date hereof with the terms and conditions of each Transaction Document as if therein named as "Owner" or as if therein named in the place and stead of Assignor, and hereby makes the representations and warranties set forth in Paragraph 5 of the Participation Agreement as and from the date of this Assignment and Assumption Agreement. Assignee represents and warrants, as and from the date hereof, that it is a financial institution with

a combined capital and surplus of at least \$50,000,000. Assignee further agrees for the benefit of Vendee, Agent and the Investors that it shall be deemed to be a party, as and from the date of this Assignment and Assumption Agreement, to the Participation Agreement and the Trust Agreement and agrees to be bound by all the terms of, and to undertake all the obligations of Assignor and its successors and assigns contained in the Participation Agreement and the Trust Agreement. Assignor agrees that it shall remain responsible for all such obligations, liabilities and responsibilities relating to the Assets and the Transferred Obligations in respect of the period prior to the date hereof.

3. Each party by its signature agrees and accepts that the transfer requirements of Paragraph 20 of the Participation Agreement have been satisfied (including the receipt by Vendee, Lessee, the Investors and the Agent of an opinion of counsel for the Assignee to the effect set forth in Paragraph 8(d) of the Participation Agreement) and that Assignor and its successors and assigns are relieved from all obligations, responsibilities and liabilities in respect of the Assets in respect of the period as and from the date hereof. The Lessee confirms that Assignor and its successors and assigns are to remain as "Indemnified Persons" (as defined in the Lease).

4. This Assignment and Assumption Agreement is intended solely for the benefit of the parties hereto and not for the benefit of any person or entity not a party hereto, provided, however, that the terms and provisions of this Assignment and Assumption Agreement shall be binding upon, and shall inure to the benefit of, the successors and permitted assigns of each of the parties hereto.

5. This Assignment and Assumption Agreement may be amended only by an instrument in writing executed by each of the parties hereto.

6. This Assignment and Assumption Agreement and the rights and obligations of Assignor and Assignee hereunder shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

7. This Assignment and Assumption Agreement may be executed in any number of counterparts and by the parties hereto on separate counterparts, each of which when so executed shall be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, each of the undersigned has caused its duly authorized officer to execute and deliver this Assignment and Assumption Agreement as of the date first set forth above.

MANUFACTURERS HANOVER
LEASING CORPORATION

By: GW Brash
Name: George W. Brash, Jr.
Title: Vice President

[Corporate Seal]

Attest:

Wm J. Allen
Title: Assistant Secretary

FINOVA CAPITAL CORPORATION

By: _____
Name:
Title:

[Corporate Seal]

Attest:

Title:

7. This Assignment and Assumption Agreement may be executed in any number of counterparts and by the parties hereto on separate counterparts, each of which when so executed shall be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, each of the undersigned has caused its duly authorized officer to execute and deliver this Assignment and Assumption Agreement as of the date first set forth above.

MANUFACTURERS HANOVER
LEASING CORPORATION

By: _____
Name:
Title:

[Corporate Seal]

Attest:

Title:

FINOVA CAPITAL CORPORATION

By: Kathy A. Gross
Name: Kathy A. Gross
Title: Vice President

[Corporate Seal]

Attest:

David R. Lechner
Title: Assistant Secretary

MERIDIAN TRUST COMPANY,
AS TRUSTEE

By: _____

Name: STEPHEN J. KABA
Title: VICE PRESIDENT

[Corporate Seal]

Attest:

David C. Brown
Title: Asst. Secretary

UNION PACIFIC RAILROAD COMPANY,
successor-in-interest to Chicago
and North Western Transportation
Company

By: _____

Name:
Title:

[Corporate Seal]

Attest:

Title:

MERIDIAN TRUST COMPANY,
AS TRUSTEE

By: _____
Name:
Title:

[Corporate Seal]

Attest:

Title:

UNION PACIFIC RAILROAD COMPANY,
successor-in-interest to Chicago
and North Western Transportation
Company

By: John R. Billingsley
Name: John R. Billingsley
Title: Manager - Purchasing

[Corporate Seal]

Attest:

C. W. Taylor
Title: ASST. Secretary

BANK OF NEW YORK, AS AGENT,
successor-in-interest to
Mercantile-Safe Deposit And
Trust Company, as Agent,

By: Mary La Gumina
Name:
Title: MARY LA GUMINA
ASSISTANT VICE PRESIDENT

[Corporate Seal]

Attest:

Bryan Harris
Title: ASSISTANT TREASURER

BANK OF NEW YORK, AS AGENT,
successor-in-interest to
Mercantile-Safe Deposit And
Trust Company, as Agent,
AUTHORIZED SIGNATORY ON
BEHALF OF THE INVESTORS

By: Mary La Gumina
Name:
Title: MARY LA GUMINA
ASSISTANT VICE PRESIDENT

[Corporate Seal]

Attest:

Bryan Harris
Title: ASSISTANT TREASURER

STATE OF New York)
) ss.:
COUNTY OF New York)

On this 8th day of December, 1995, before me personally appeared George Brash , to me personally known, who being by me duly sworn, says that (s)he is the Vice President of MANUFACTURERS HANOVER LEASING CORPORATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

My commission expires 11/30/97

PAMELA R. SHIELLS
Notary Public, State of New York
No. 4606793
Qualified in New York County
Commission Expires ~~March 30, 1997~~ *Nov*

STATE OF)
) ss.:
COUNTY OF)

On this ____ day of _____, 199__, before me personally appeared , to me personally known, who being by me duly sworn, says that (s)he is the of FINOVA CAPITAL CORPORATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

My commission expires

STATE OF)
) ss.:
COUNTY OF)

On this ____ day of _____, 199_, before me personally appeared _____, to me personally known, who being by me duly sworn, says that (s)he is the _____ of MANUFACTURERS HANOVER LEASING CORPORATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

My commission expires

STATE OF NEW JERSEY)
) ss.:
COUNTY OF BERGEN)

On this 12th day of December, 1995, before me personally appeared Kathy A. Gross, to me personally known, who being by me duly sworn, says that (s)he is the Vice President of FINOVA CAPITAL CORPORATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Joanne B. Fraser
Notary Public

My commission expires

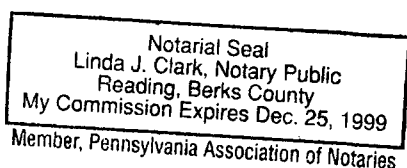
JOANNE B. FRASER
NOTARY PUBLIC OF NEW JERSEY
MY COMMISSION EXPIRES SEPTEMBER 6, 1999

STATE OF PENNSYLVANIA)
) ss.:
COUNTY OF BERKS)

On this 11th day of December, 1995, before me personally appeared STEPHEN J. KABA, to me personally known, who being by me duly sworn, says that (s)he is the VICE PRESIDENT of MERIDIAN TRUST COMPANY, AS TRUSTEE, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Linda J. Clark
Notary Public

My commission expires



STATE OF)
) ss.:
COUNTY OF)

On this ____ day of _____, 199__, before me personally appeared _____, to me personally known, who being by me duly sworn, says that (s)he is the _____ of UNION PACIFIC RAILROAD COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

My commission expires

STATE OF)
) ss.:
COUNTY OF)

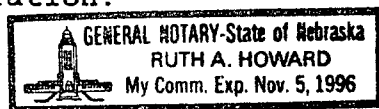
On this ____ day of _____, 199_, before me personally appeared _____, to me personally known, who being by me duly sworn, says that (s)he is the _____ of MERIDIAN TRUST COMPANY, AS TRUSTEE, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

My commission expires

STATE OF NEBRASKA)
) ss.:
COUNTY OF DOUGLAS)

On this 11th day of December, 1995, before me personally appeared JOHN R. BILLINGSLEY, to me personally known, who being by me duly sworn, says that he is the MANAGER - PURCHASING of UNION PACIFIC RAILROAD COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



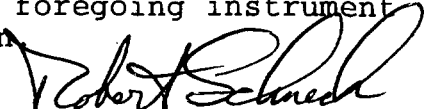
Ruth A. Howard

Notary Public

My commission expires

STATE OF NEW YORK)
)
COUNTY OF NEW YORK) ss.:

On this 12th day of December, 1995 before me personally appeared MARY LAGUMINA, to me personally known, who being by me duly sworn, says that (s)he is the Asst. Vice President of BANK OF NEW YORK, AS AGENT, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

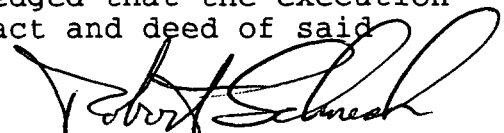

Notary Public

My commission expires 5-31-97

ROBERT SCHNECK
Notary Public, State of New York
No. 4746935
Qualified in Nassau County
Certificate filed in New York County
Commission Expires May 31, 1997

STATE OF NEW YORK)
)
COUNTY OF NEW YORK) ss.:

On this 12th day of December, 1995 before me personally appeared MARY LAGUMINA, to me personally known, who being by me duly sworn, says that (s)he is the Asst. Vice President of BANK OF NEW YORK, AS AGENT, SIGNATORY ON BEHALF OF THE INVESTORS that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

My commission expires 5-31-97

ROBERT SCHNECK
Notary Public, State of New York
No. 4746935
Qualified in Nassau County
Certificate filed in New York County
Commission Expires May 31, 1997

"Assets" shall mean (i) all of Assignor's right, title (if any) and interest in and with respect to the Equipment, (ii) all of Assignor's right, title and interest in, to and under the Trust Estate (as defined in the Trust Agreement), (iii) all of Assignor's right, title and interest in, to and under each Transaction Document, in each case other than Assignor's Reserved Rights.

"Equipment" shall mean all of the Units (as defined in the Lease) and the Parts (as defined in each of the Lease), but excluding the Released Equipment.

"Lease" shall mean the Lease of Railroad Equipment No. 2, dated as September 1, 1985, between Lessee and Trustee, that was filed with, and recorded by, the Interstate Commerce Commission pursuant to 49 U.S.C. §11303 on November 18, 1985, under Recordation No. 14845B, as amended, supplemented or otherwise modified from time to time.

"Participation Agreement" shall mean Participation Agreement No. 2, dated as of September 1, 1985, among Lessee, Agent, Trustee, Manufacturers Hanover Leasing Corporation and the Investors (as defined therein), as amended, supplemented or otherwise modified from time to time.

"Purchase Agreement" shall mean the Purchase Agreement, dated as of the date hereof, between Manufacturers Hanover Leasing Corporation and Finova Capital Corporation.

"Released Equipment" shall mean the equipment that was originally, but is no longer, subject to the Lease, on account of its loss, damage or destruction or on account of its having suffered a Casualty Occurrence (as defined in the Lease).

"Reserved Rights" shall mean all benefits accrued and all rights vested in Assignor pursuant to any Transaction Document in respect of the following: (i) Assignor's right to tax and other indemnification under any Transaction Document from any other party as a result of or arising out of events occurring or circumstances existing at or prior to the date hereof, (ii) each and every obligation of Lessee and its successors and assigns to provide liability insurance on behalf of or in favor of Assignor and its successors and assigns under any Transaction Document with respect to events occurring or circumstances existing at or prior to the date hereof, (iii) any interest payable by Lessee and its successors and assigns on any amount referred to in clauses (i) and (ii) above and (iv) the right to enforce payment of the amounts referred to in clauses (i) through (iii) above.

"Transaction Document" shall mean each contract, agreement, document, instrument or certificate by which Assignor is bound relating to each Asset and each Transferred Obligation.